INTERTAPE POLYMER GROUP INC.

1999 ANNUAL REPORT

intertape polymer group™

CORPORATE PROFILE

Intertape Polymer Group Inc. (IPG) is a recognized leader in the development and manufacturing of specialized polyolefin plastic & paper packaging products and complementary packaging systems. Headquartered in Montreal, Quebec, the Company has strategically grown to support operations in 19 locations including 15 manufacturing facilities, with over 3,000 employees.

IPG's advanced manufacturing technologies offer the flexibility to produce a wide range of products that reflect the needs of our customers. These include products sold through IPG distributors, consisting of: Intertape® brand hot-melt, acrylic and natural rubber pressure-sensitive carton sealing tapes, water-activated carton sealing tape, masking tape, duct tape; Exlfilm® brand shrink film; and StretchFlex™ brand stretch wrap. Examples of products sold directly to end users include a wide range of Nova-Thene® brand woven polyolefin products; Intertape® brand flexible intermediate bulk containers (FIBC); and transport & display cases that are either sold to the customer or rented.

Since its inception in 1981, IPG has become a major presence in North America by focusing on large niche markets, continuing its momentum of successful rapid growth and remaining for the most part, the low cost producer. With this strategy, IPGs' competitively priced products are sold to both a broad range of industrial / specialty distributors, retail stores and large end-users in diverse industries. These industries include the aeronautical, agricultural, automotive, beverage, chemical, construction, food, forest, geotextile, mining, pharmaceutical, paper, recreational, sports and transportation industries.

The Company's financial strength establishes the foundation for continued organic growth, acquisitions and new product development. These combine to form the basis for continued expansion in both current and new markets.

Intertape Polymer Group Inc. is a publicly traded company with its common shares listed on the New York Stock Exchange and The Toronto Stock Exchange under the Stock Symbol "ITP".

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Corporate Headquarters

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Safe Habour Statement

This release contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted results or forward-looking statements. Those risks and uncertainties include, but are not limited to:

- risks associated with pricing, volume and continued strength of markets where the Company's products are sold, and the timing and acceptance of new product offerings.
- actions of competitors as are described in the Company's filings with the Securities and Exchange Commission (SEC) over the last twelve months.
- the Company's ability to successfully integrate the operations and information systems of acquired companies with its existing operations, and information system, including risks and uncertainties relating to its ability to achieve projected earnings estimates, achieve administrative and operating cost savings and anticipate synergies.
- the effect of competition and raw material pricing on the Company's ability to maintain margins on existing or acquired operations.

The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

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IPG Locations

Corporate Office	ISO Certified	Distribution Center	Manufacturing Location	Location
			●	Augusta, Georgia, U.S.A.
			●	Brighton, Colorado, U.S.A.
			●	Carbondale, Illinois, U.S.A.
		●	●	Columbia, South Carolina, U.S.A.
	●	●	●	Danville, Virginia, U.S.A.
	●		●	Edmundston, New Brunswick, Canada
		●	●	Green Bay, Wisconsin, U.S.A.
			●	Lachine, Quebec, Canada
			●	Menasha, Wisconsin, U.S.A.
	●		●	Marysville, Michigan, U.S.A.
○				Montreal, Quebec, Canada
		●	●	Porto, Portugal
	●	●	●	Rayne, Louisiana, U.S.A
		●	●	Richmond, Kentucky, U.S.A.
○				Sarasota, Florida, U.S.A
	●	●	●	St. Laurent, Quebec, Canada
○				Tampa, Florida, U.S.A.
		●	●	Tremonton, Utah, U.S.A.
	●		●	Truro, New Brunswick, Canada

- ● Manufacturing Location
- ● Distribution Center
- ● ISO Certified
- ○ Corporate Office

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FINANCIAL HIGHLIGHTS

Years Ended December 31,	1999	1998	1997
RESULTS FROM OPERATIONS			
Consolidated sales	569,947	378,030	227,553
Net earnings before restructuring charges (Cdn GAAP)	n/a	n/a	21,110
Net earnings before restructuring charges (U.S. GAAP)	n/a	n/a	21,110
Net earnings (Cdn GAAP)	8,098	28,751	8,885
Net earnings (U.S. GAAP)	8,098	28,751	8,885
Cash from operations before funding of changes in non-cash working capital items	36,130	57,922	39,705
PER COMMON SHARE			
Net earnings before restructuring charges (Cdn GAAP)	n/a	n/a	0.85
Net earnings before restructuring charges (U.S. GAAP)	n/a	n/a	0.85
Net earnings (Cdn GAAP)	0.29	1.14	0.36
Net earnings (U.S. GAAP)	0.29	1.14	0.36
Cash from operations before funding of changes in non-cash working capital items	1.31	2.31	1.60
Book value after restructuring charges (Cdn GAAP)	9.97	7.71	6.53
Book value after restructuring charges (U.S. GAAP)	9.97	7.71	6.53
FINANCIAL POSITION			
Working capital	68,937	(11,313)	50,436
Total assets (Cdn GAAP)	815,006	622,152	397,373
Total assets (U.S. GAAP)	815,006	622,152	397,373
Total debt	338,094	211,844	153,138
Shareholders' equity (Cdn GAAP)	282,003	194,249	163,412
Shareholders' equity (U.S. GAAP)	282,003	194,249	163,412
SELECTED RATIOS			
Working Capital	1.48	0.94	1.75
Debt/Capital Employed (Cdn GAAP)	0.55	0.52	0.48
Debt/Capital Employed (U.S. GAAP)	0.55	0.52	0.48
Return on equity before restructuring charges (Cdn GAAP)	n/a	n/a	12.0%
Return on equity before restructuring charges (U.S. GAAP)	n/a	n/a	12.0%
Return on equity after restructuring charges (Cdn GAAP)	2.9%	14.8%	5.4%
Return on equity after restructuring charges (U.S. GAAP)	2.9%	14.8%	5.4%
STOCK INFORMATION (in thousands)			
Weighted average shares o/s (Cdn GAAP)	27,679	25,124	24,819
Weighted average shares o/s (U.S. GAAP)	27,679	25,124	24,819
Toronto Stock Exchange:			
Market price at year end	40.80	39.00	30.75
High: 52 weeks	46.30	39.00	34.45
Low: 52 weeks	35.50	25.75	25.25
Volume: 52 weeks	10,611	9,361	8,603
New York Stock Exchange:			
Market price at year end in U.S. $	28.19	25.50	21.88
High: 52 weeks in U.S. $	30.94	25.50	25.00
Low: 52 weeks in U.S. $	24.06	16.25	18.38
Volume: 52 weeks	1,264	1,381	3,055

This data should be read in conjunction with the Consolidated Financial Statements of the Company and the Notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations.

(In thousands of U.S. dollars except per share data, selected ratios and trading volume information.)

1999 SHARE TRADING DATA

Symbol: ITP	Toronto Stock Exchange				New York Stock Exchange				Total
	High	Low	Close	A.D.V.*	High	Low	Close	A.D.V.*	A.D.V.*
	Canadian $			#	U.S. $			#	#
1st Quarter**	$42.80	$34.50	$40.80	39,700	$29.00	$23.56	$28.00	4,952	44,652
2nd Quarter**	$49.50	$39.85	$41.40	30,030	$33.38	$27.13	$28.25	6,885	36,915
3rd Quarter**	$44.25	$38.00	$43.00	58,404	$29.63	$25.88	$29.25	2,569	60,973
4th Quarter	$41.75	$37.25	$39.50	38,395	$27.25	$24.88	$26.38	4,119	42,514

* *Average Daily Volume*
** *Prior to August 16, 1999 stock was traded on the American Stock Exchange (AMEX)*

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

Last year proved to be one of many challenges, beginning with excellent results for the first three quarters in both top line growth and bottom line improvement. Fourth quarter results however, did not continue this trend. Difficulties in the total implementation of our new enterprise-wide Management Information System and customer service issues, paralyzed our ability to enter and process orders. The result was a substantial drop in sales during the period. In addition, serious errors were made in unit-of-measure and pricing history files, which affected the validity of inventory value counts and accounts receivable. These difficulties combined with additional unforeseen problems in realizing synergies and costs savings related to the acquisition of Anchor Continental, Inc. (Anchor), resulted in unusual and non-recurring fourth quarter charges.

These problems are now corrected, and pricing, unit-of-measure and asset values are now accurate. The Anchor situation is one of timing and is directly related to process and equipment changes. These improvements will be completed in stages throughout the year with gross margins increasing in conjunction with these changes. There was a concern by those outside the Company, that the drop in sales in the fourth quarter would continue into the first quarter of 2000. It is a testament to our sales force and the strength of our product line that this did not happen. In fact, our first quarter sales were a record for the Company, one that we expect to exceed in the second quarter.

SPINNAKER INDUSTRIES

CENTRAL®

1999 brought about another series of successful events for the Company. We evaluated a number of acquisitions on the basis of adding customers and products, achieving scale in key growth lines of business and attractive growth markets, and most importantly, their economic return to our shareholders over time. On July 30 and August 9, 1999, respectively, IPG acquired all the assets of Spinnaker Electrical Tape Co. and Central Products Company, manufacturers of pressure-sensitive, water-activated and electrical/electronic tapes. In this regard, we have remained consistent with our overall acquisition strategy.

August was also a busy time for IPG as we moved from the American Stock Exchange (AMEX) to the New York Stock Exchange (NYSE). This event took place on August 16, 1999 with the goal of broadening our visibility within the financial community, attracting a wider range of research investors and analysts on a global basis and further enhancing shareholder value.

During 2000 and beyond, the Company expects to maintain double-digit growth with at least a 15% internal product expansion. The increases will be in all product lines and driven by two of the Company's key strengths. The first is the continuation of new

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product development, where we have dedicated both time and money. New stretch wrap and shrink films will be introduced in 2000 and will provide access to new markets and increase gross margins. New patented, vinyl replacements and Pallet-Free™ FIBC bags, are also expected to significantly add to the growth in woven sales. New products and applications for pressure-sensitive tapes will also supply considerable impetus. The second exciting growth will come from our ability to fully implement our "Basket of Products" strategy which is unique in our marketplace. Finally, we are in a position to provide a value added to our customers through supply chain efficiencies. At least two distribution centers will be in operation in 2000 and the balance early 2001.

ITP Listed NYSE THE NEW YORK STOCK EXCHANGE

The Company will continue to improve its bottom line through growth and cost savings throughout the organization. SG&A will be reduced to approximately 10.5% of sales during the year and significant manpower savings will be made in our various plants due to automation. We expect to realize a savings of $11.0 million on an annualized basis over the year. I expect gross margins to improve in our operations, and new high value-added products to become a larger portion of our sales.

The potential of the Company is greater than ever and is spread across a wide variety of customers and industries. We are now positioned to take advantage of B to B commerce and have the breadth of products to make it effective. I want to thank IPG's staff who extended themselves to overcome the challenges brought about during the latter part of 1999. I appreciate this effort and look forward to having their energy back where it belongs... in growing the Company.

In closing, 1999 was a year of tremendous accomplishments on many fronts. We are enthusiastic about the general tone of our business and remain on course for achieving profitable growth and increased shareholder value.

Melbourne F. Yull
Chairman & Chief Executive Officer
April 7, 2000

REPORTING CURRENCY

The financial statements of Intertape Polymer Group Inc. (Intertape Polymer Group, IPG or the Company) were presented in Canadian dollars up to December 31, 1998. As a result of business acquisitions and increasing activities in the United States, the Company adopted the U.S. dollar as its reporting currency effective January 1, 1999. In accordance with generally accepted accounting principles in Canada, for periods up to and including December 31, 1998, amounts pertaining to the consolidated financial statements and notes thereto were converted into U.S. dollars using a translation of convenience with the December 31, 1998 exchange rate of CDN $1.5305 per US $1.00.

OVERVIEW OF 1999

On March 10, 2000 Intertape Polymer Group announced that it expected to incur a loss for the fourth quarter ended December 31, 1999. At that time, Management stated that sales in the fourth quarter were adversely affected by difficulties encountered in the implementation of new business systems which negatively impacted customer service, warehousing and some aspects of order fulfillment. The expected loss would also include substantial charges related to integration, transition and other costs in connection with business acquisitions and to asset impairment and non-recurring expenses. On March 28, 2000, the fourth quarter and annual financial results were released and confirmed that earnings had been negatively impacted by issues related to the integration of a new enterprise-wide resource planning system, the reorganization of customer service, and issues related to integration, transition and non-recurring charges discussed above.

During 1999, the Company consolidated four separate non-year 2000 (Y2K) compliant legacy systems inherited with the acquisitions of Tape, Inc., American Tape Co. (ATC or American Tape), Anchor Continental, Inc. (Anchor) and Rexford Paper Company (Rexford), as well as an older in-house system. This complex systems integration contributed to significant inaccuracies in unit-of-measure and pricing history files, order fulfillment and tracking routines.

The reorganization of customer service was completed during the fourth quarter, and should have been positive for the Company's customers as procedures were installed to facilitate a "one order for all products" process. However, complications with the new phone systems combined with the aforementioned Management Information Systems (MIS) issues, caused order placement obstacles for customers resulting in a slow-down in orders during December 1999. Unit-of-measure and pricing inaccuracies resulted in improper inventory valuations and levels.

Higher than anticipated costs were incurred due to extended lead times to acquire equipment to automate and reduce waste in certain operations. The costs of rationalizing plants, products and brands were higher than expected due to manufacturing process changes and increased R&D expenditures. Finally, the acquisition of Central Products Company (CPC or Central Products) postponed the Company's fourth quarter plans to eliminate

duplicate warehouses until a full assessment of plant rationalization and markets were completed. These factors resulted in an unusual charge against cost of sales.

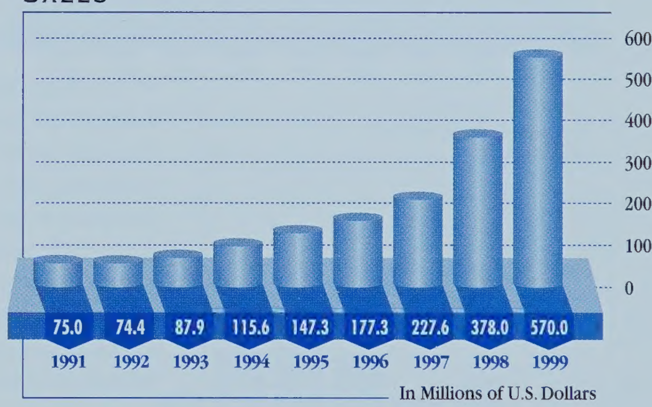
An evaluation was carried out to assess the value of the MIS system as well as the quality of the account receivables due to pricing and unit-of-measure issues which had a negative impact. This resulted in an increase in the reserve for doubtful accounts as well as a reduction in the carrying cost of the MIS. In addition, during the last three fiscal years, IPG had actively pursued and acquired suitable companies in line with its strategy to maintain a leading position in the packaging industry. The costs related to certain acquisitions that had been previously pursued and abandoned during the fourth quarter; as well as the finalization of the costs incurred to relocate key Management to IPG's corporate office in Sarasota, Florida have resulted in a further non-recurring charge.

REVIEW OF OPERATIONS

SALES

Intertape Polymer Group's consolidated sales increased by 51.0% to $570.0 million for the year 1999; and by 66.1% to $378.0 million for the year 1998 from $227.6 for 1997. All sales continue to be derived from packaging products made from various combinations of resins and papers which are then converted into high quality, value-added products. The Company is managed based on all products being within one operational segment. Products are made from somewhat the same extrusion processes and differ to some degree only in the final stages of manufacturing. Furthermore, most of the Company's products, while brought into the market through varying sales methods and channels, bear the same economic characteristics in all respects. The two basic methods of bringing products to market are either through distributors or by selling directly to end-users. In both cases, the Company's highly trained sales force works closely with either the sales forces of the distributors or directly with the distributor's customer; or with the end user customer.

SALES



Examples of products sold through distributors are Intertape® brand pressure-sensitive carton sealing tapes which include both hot-melt (introduced in 1981) and acrylic (1995); water-activated carton sealing tape (1996); masking tapes (1997); duct tapes (1998); Exlfilm® brand shrink film (1992); and StretchFlex™ brand stretch wrap (1996). Examples of products sold directly to end users include a wide range of Nova-Thene® brand woven polyolefin products (1989); Intertape® brand flexible intermediate bulk containers (FIBC) (1994); and transport and display cases (1989) that are either sold to the customer or rented.

The following are the highlights of factors that contributed to changes in sales volume during 1999.

MANAGEMENT'S DISCUSSION AND ANALYSIS

• In almost all of the major product lines, selling prices generally started to fall during 1996. This trend continued throughout 1997, 1998 and into 1999, in sharp contrast to 1995 where unit prices saw a significant increase during that year. These changes in unit selling prices are mostly in relation to raw material resin prices, which cycled with a downward trend beginning in 1995 to 1999. Consequently, increases in sales resulting from increases in unit volume were lessened in dollars by falling unit selling prices.

• Acquisitions continue to play an important role as the Company broadens its range of products. During 1999, IPG acquired CPC, which contributed $55.5 million to the Company's revenues. Revenues recorded during 1998 from the acquisitions of Anchor (September 1998) and Rexford (October 1998) as well as those derived from the acquisition of ATC which was completed during the last days of 1997 were $147.1 million.

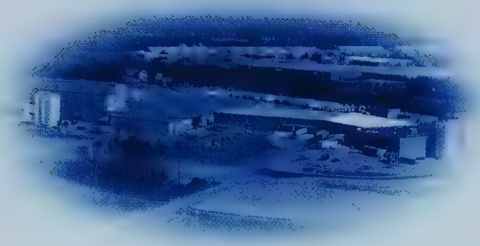
• A limited number of new products were introduced by the Company in 1999 and 1998 other than those derived from acquisitions.

Management is anticipating further increases in revenue during 2000 as a result of the following factors:

• Intertape Polymer Group is continuing to increase its manufacturing capacities. The Company's new facility located in Tremonton, Utah was further expanded during 1999. Various additional capacities were installed in a number of facilities during the year including the addition of a multi-layer coater in the Truro, Nova Scotia facility. The integration of the acquired facilities in Columbia, South Carolina and Richmond, Kentucky within the Company's other tape plants will provide further capacity for various products. In order to keep pace with FIBC demand IPG continues to further expand its relationships in Mexico to gain capacity. Finally, the Company's continuous program to reduce waste and increase running speeds will provide additional throughput.

• The Company has enjoyed unit growth in substantially all product lines under various economic conditions throughout its history. Management believes that this unit growth will continue and not diminish in any material way during 2000.

• As mentioned above, 1999 was a year of further declines in some unit selling prices through the third quarter. In light of rapid increases in resin raw material costs, Management currently anticipates that selling prices will start to increase for some product lines with the exception of certain North American produced products that compete with imported products. These importers are taking advantage of devaluations in their home currencies that have the effect of lowering prices in selected North American geographical areas. Management does not anticipate that this situation will reverse until the home currencies of these importers begin to strengthen against the U.S. dollar.



GROSS PROFIT AND GROSS MARGIN

The Company's gross profit increased 17.5% to $124.6 million for 1999; and 68.4% to $106.1 million for 1998 from $63.0 million for 1997. As a percentage of sales, gross margins decreased to 21.9% for 1999, and had increased to 28.1% for 1998, from 27.7% for 1997. The 1999 gross profits were seriously impacted by the introduction of new enterprise-wide computer and telephone systems and the integration of acquired manufacturing facilities. The nature of these challenges have been presented in the Overview section in this MD&A. The following is a breakdown of these unusual and non-recurring charges, as disclosed in the press release of March 28, 2000.

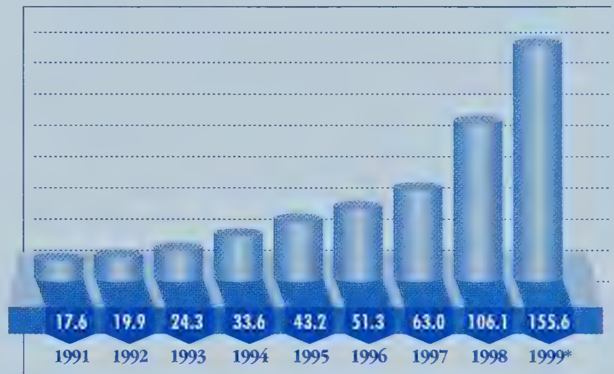
• Sales were impacted during December 1999 due to the poor level of service to most customers. The combination of the Company's problems resulted in customers having difficulty placing orders and receiving their product on time. The result was a shortfall in revenues of $17.0 million. Based on historical raw material content expressed as a percentage of sales, Management estimates that the Company lost $8.5 million in contribution to labor and overhead costs. As this shortfall happened quickly, this lost contribution generated lost gross profits of the same amount.

• Unit-of-measure computer errors and incorrect information in the selling price computer files, resulted in a combination of shipping inaccuracies and a build-up of finished goods inventory. After an extensive review of both the Company's shipping records and the year end inventory position, the Company recorded an unusual and non-recurring charge in the cost of sales of approximately $9.7 million to reflect the combined impact of these factors.

• During 1999, the Company incurred unusual costs of approximately $9.8 million related to the integration of recently acquired businesses, principally Anchor's facility in Columbia, South Carolina. These integration difficulties at that location resulted in additional costs that were borne by other IPG facilities. Examples of the costs directly related to the Columbia facility are poor maintenance practices which led to equipment breakdown, excessive labor charges and low productivity, all as a result of past management practices. The Anchor facility integration difficulties impacted costs in other IPG facilities because of excess freight, overtime and incremental manufacturing charges incurred to accommodate manufacturing of products which were previously made in the Anchor facility.

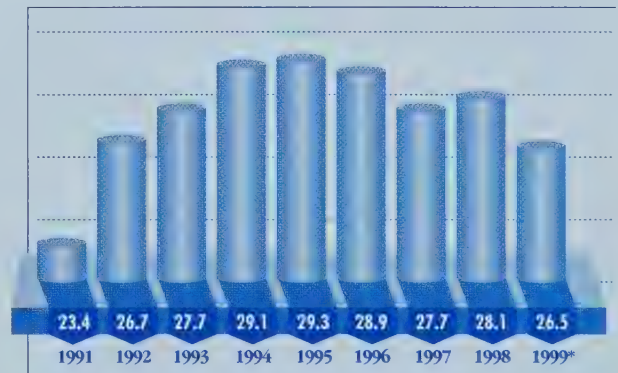
• Circumstances within several product lines have continued to result in margins below the Company's targeted levels. Specifically, margins for StretchFlex™ stretch wrap were and are currently lower than the Company's overall margins due to over-capacity in the market, leading to lower unit selling prices. This situation

GROSS PROFIT



In Millions of U.S. Dollars
*This number has been adjusted
See note in MD&A

GROSS MARGIN



As a % of Sales
*This number has been adjusted
See note in MD&A

became even more critical during the fourth quarter of 1999 when market conditions resulted in a decline in selling prices even as raw material costs increased. The effect on gross profit for the fourth quarter was approximately $3.0 million.

The combined effect of the above was that gross profits were negatively impacted by approximately $31.0 million for 1999. Had these factors not occurred, gross profits would have been $155.6 million instead of $124.6 million, and gross margins would have been 26.5% instead of 21.9%.

• Water-activated products traditionally have had lower gross margins, as this has been a mature market for the past several years. In addition, several of the product lines acquired from American Tape and Anchor are products which have margins that are 3% to 4% lower than IPG's traditional margins. The impact of the above has affected the Company's gross margins for 1998 and 1999. Management estimates that the Company's gross margins were reduced by 2% to 3% due to the addition of these products in 1998 and 1999.

• Management continues to implement its program to improve efficiencies at all facilities. Since 1990, $240.0 million has been invested on equipment in all plants in an effort to reduce waste, increase output, and create capacity for new products. Throughout 1999, the Company increased outputs in all plants and as a result, recorded increased sales volume in its product lines without requiring a related proportionate increase in manufacturing costs. Lower dollars of value-added (the difference between the purchase price of a unit of resin and its corresponding selling price) resulted in a dampening effect on gross margins.

Management foresees that the trend of increasing gross profits will continue and that margins should approach historic levels by the end of fiscal year 2000 for the following reasons:

• The Company's sales have returned to anticipated levels. Revenues for the first quarter of 2000 are anticipated to be in excess of $169.0 million which are in line with Management's expectations.

• Except for continuing difficulties at the Columbia facility, Management believes that the underlying causes of the various unusual and non-recurring charges against cost of sales in 1999 have been corrected and should not reoccur during 2000.

• The Company has begun to implement its supply chain strategy which will result in logistic savings gained by way of the introduction of Regional Distribution Centers (RDC) over the next 18 to 24 months. It is anticipated that at least one such RDC should be functional during the third quarter of 2000. In addition, the process of closing duplicate warehouses that existed throughout 1999 has now begun.

• Management has taken steps to improve the situation during the third and fourth quarters by installing new 5-Layer extrusion technology on all of IPG's "cast" production lines. This should result in lower manufacturing costs and improved profitability.

• The impact of expanded plant outputs should continue during 2000 as further efficiency measures are implemented.

• New equipment installed during 1999 should have a positive effect on gross profits for 2000.

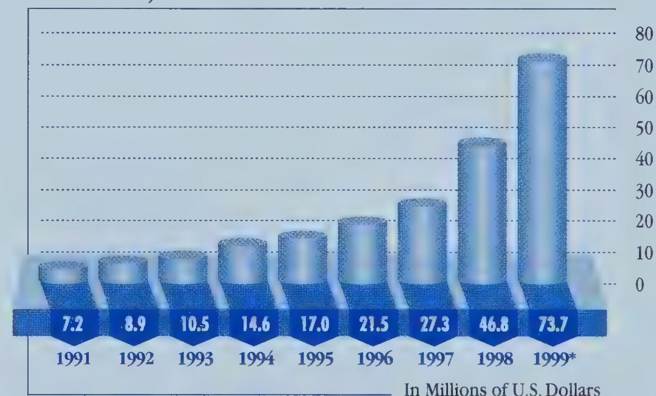
• The Company's recently announced reduction in the number of employees to lower costs by $9.0 million on an annualized basis, should be fully implemented during the second quarter of 2000.

• Selling prices have started to increase in most product lines.

The above reasons for expanding margins throughout the coming fiscal year will be impacted by the effect of continuing problems with the Columbia facility and possibly the implementation of price increases. Management believes that the Columbia facility could have a decreasing negative effect on gross margins as new automated equipment is installed throughout the coming year.

Finally, margins could be positively impacted by possible revisions to the estimated useful lives of certain manufacturing equipment for depreciation calculation purposes. Since the acquisition of CPC and into the first quarter of 2000, Management has conducted an extensive review of such assets with the assistance of professional valuators. As a result, the estimated useful lives of certain manufacturing equipment in major plants of the Company could be extended. This change, if adopted, will be effected prospectively starting with the first quarter 2000.

SELLING, GENERAL AND ADMINISTRATIVE



In Millions of U.S. Dollars
*This number has been adjusted
See note in MD&A

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, General and Administrative (SG&A) expenses increased $38.6 million or 82.5% to $85.3 million ($19.5 million or 71.4% to $46.8 million for 1998 from $27.3 million for 1997). As a percentage of sales, these expenses increased to 15.0% for 1999, compared to 12.4% for 1998 and to 12.0% for 1997. These increases occurred primarily for the following reasons:

The year 1999 results:

In order to fully understand the 1999 results and comparisons to prior years, both sales and the SG&A costs should be adjusted on a pro forma basis for the following items:

• Reported sales have to be adjusted for the previously discussed drop in volume during December 1999 in the amount of approximately $17.0 million as SG&A costs did not proportionally decrease as a result of this rapid decline.

• There are several unusual and non-recurring charges included in SG&A costs in the amount of $8.5 million which are a direct result of the MIS difficulties. This includes an increase in the allowance for doubtful accounts and a reserve against the carrying value of the MIS development costs.

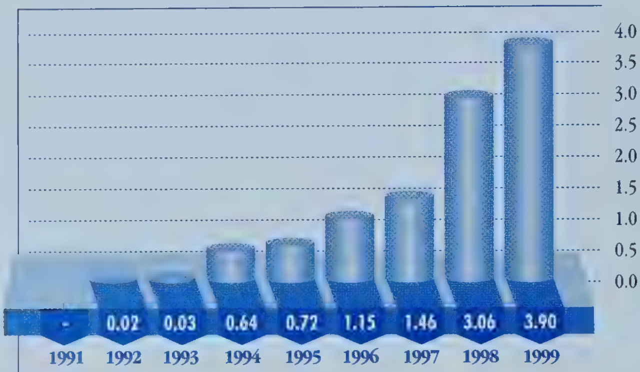
SELLING, GENERAL AND ADMINISTRATIVE

As a % of Sales
*This number has been adjusted
See note in MD&A

intertape polymer group™

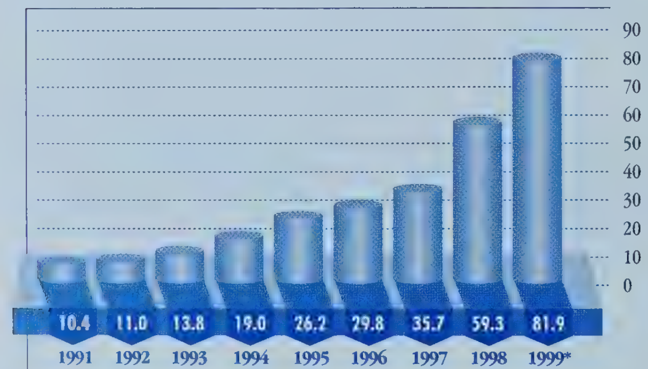
Management's Discussion and Analysis

Research & Development



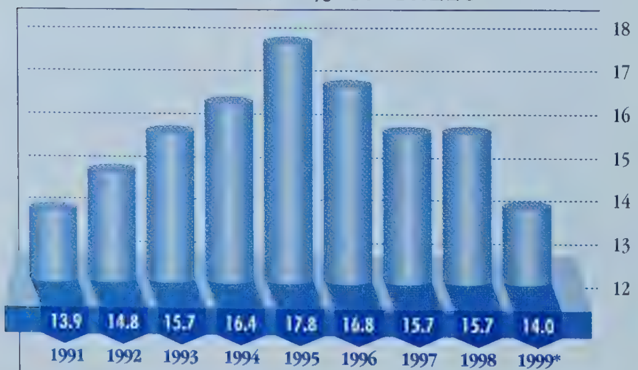
In Millions of U.S. Dollars

Operating Profit - U.S. Dollars



In Millions of U.S. Dollars
*This number has been adjusted
See note in MD&A

Operating Profit - % of Sales



As a % of Sales
*This number has been adjusted
See note in MD&A

- Finally, $3.1 million of further non-recurring costs related to several abandoned acquisitions and the final costs of relocating more than 25 key managers to the Company's new corporate office in Sarasota, Florida.

When these factors are taken into account, the comparisons are as follows:

- Increase in SG&A costs year-over-year for 1999, 1998 and 1997 are 57.7%, 71.4% and 27.0%. These increases are directly related to acquisitions.

- More importantly, SG&A costs would have been $73.7 million, and as a percentage of sales for 1999 would have been 12.6%.

Over the past 3 years, these costs have been increasing as a percentage of sales as the Company expanded through acquisitions. The Company did not attain its expected synergies from its acquisitions as a result of the MIS difficulties during 1999.

The year 1998 results:

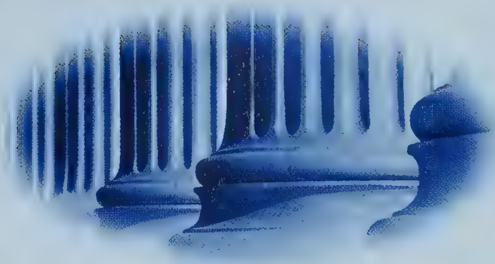
- SG&A costs do not fluctuate with changes in unit selling prices. Based on Management's analysis of 1998 revenue, it is believed that the Company has endured approximately a 10% decline in selling prices which would have resulted in selling costs being 1.2% less as a percentage of revenue without this decline in selling prices.

- Included in SG&A for 1998 are those costs derived from businesses acquired during the year. In total, these costs amount to approximately $4.8 million.

Management believes it is in a position to reduce SG&A costs as a percentage of sales. This reduction should be brought about by the SG&A portion of the recently announced staff reductions; by attaining planned efficiencies now that all facilities are operating within the same MIS systems except those of Central Products; the recent Customer Service telephone systems difficulties have been overcome; and expected increases in volume should not require the same percentage increases in these costs. Management anticipates that SG&A as a percentage of sales will be less than 12.0% for the first quarter 2000.

RESEARCH AND DEVELOPMENT

Research and Development (R&D) has become an extremely important function within the Company. Taken as a percentage of sales, R&D is 0.7% for the current year compared to 0.8% for 1998 and 0.6% for 1997. R&D is focused on new products, new technology developments and new product processes. While there have been new products introduced in prior years, Management believes that fiscal 2000 will see a steady rollout of significant new products into the market.



OPERATING PROFIT

Intertape Polymer Group's operating profit (defined for these purposes as gross profit less selling, general and administrative expenses) for the year 1999 decreased $20.0 million to $39.3 million from $59.3 million for 1998; and increased $23.6 million to $59.3 million from $35.7 million for 1997. As a percentage of sales for the years 1999, 1998 and 1997, operating margins were 6.9%, 15.7% and 15.7%, respectively.

When adjusted for all of the above highlighted effects on revenue, cost of sales and SG&A costs as a result of the MIS and plant integration difficulties, the operating profits are $81.9 million (14.0%) for 1999, $59.3 million (15.7%) for 1998 and $35.7 million (15.7%) for 1997 respectively. The recent decline in operating margins is as a result of several factors. Firstly, the acquisitions of 1998 and 1999 have brought into the Company products which have gross margins currently below the Company's historic levels. In addition, StretchFlex™ stretch wrap margins are under intense pressure as a result of market conditions. Secondly, the MIS difficulties made certain synergistic cost reductions unattainable during 1999. Lastly, ongoing plant integration difficulties are depressing both gross margins and operating margins. Management is confident that operating margins will expand as the current effect of selling price increases start to enhance gross margins, synergistic cost reductions are attained and the effects of plant integration efforts are achieved.

INCOME TAXES

Effective Income Tax Rates

RESTRUCTURING CHARGES

During 1997 the Company recorded a restructuring charge of $17.7 million in relation to the Company's FIBC products.

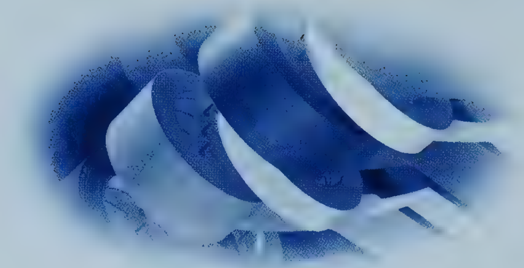
INCOME TAXES

The Company's statutory income tax rate was 42.7% for 1999; 42.9% for 1998, and 43.4% for 1997. Except for the impact of certain items for tax purposes discussed below, the amortization of that part of the goodwill which is non-deductible for income tax purposes, will result in the Company's effective income tax rate exceeding its statutory tax rate. The Company's effective tax rate was impacted by two material events during these three years commencing with 1997. Firstly, the Company's foreign based income is taxed at rates which are significantly lower than the rates that would have applied on the income had it been earned in Canada. Secondly, the Company entered into a series of transactions that resulted in permanent differences greater than that of previous years. It is expected that the effective tax rate for 2000 should stabilize at 28.0%. This rate depends somewhat on there being no announced significant increases in corporate income tax rates for fiscal 2000 in Canada, the United States of America or Portugal.

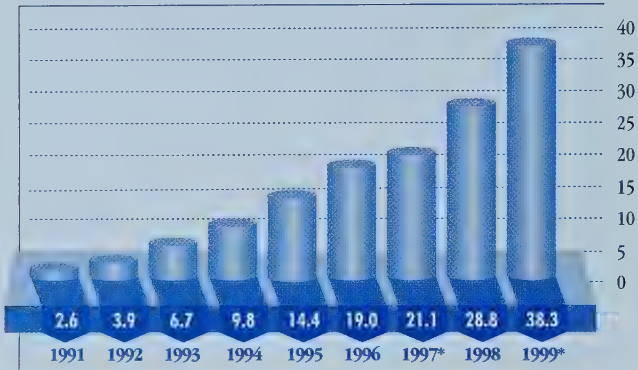
NET EARNINGS - CDN GAAP

In Millions of U.S. Dollars

*These numbers have been adjusted
See note in MD&A



NET EARNINGS - U.S. GAAP



In Millions of U.S. Dollars
*These numbers have been adjusted
See note in MD&A

NET EARNINGS - CANADIAN AND U.S. GAAP

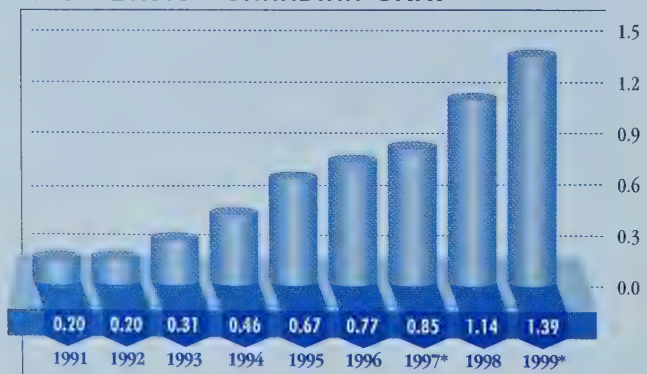
During 1997, the Company recorded a charge against earnings for a restructuring of certain operations. Generally Accepted Accounting Principles (GAAP) in Canada permits the disclosure of a subtotal representing "earnings before restructuring charges and income taxes".

U.S. GAAP does not permit the presentation of this subtotal. Consequently, net earnings under both Canadian and U.S. GAAP was $8.1 million for 1999 as compared to $28.8 million for 1998 and $8.9 million for 1997.

For purposes of the following three (3) year discussion, the 1997 net earnings are based on the earnings that would have been recorded as if the restructuring had not taken place; and 1999 net earnings are being presented before the above highlighted negative effects on revenue, cost of sales and SG&A as a result of costs of the MIS and plant integration difficulties. IPG's net earnings adjusted as per the above for the years 1999, 1998 and 1997 would have been $38.3 million, $28.8 million and $21.1 million respectively. As a percentage of sales net earnings were 6.5% for 1999, 7.6% for 1998 and 9.3% for 1997.

Canadian GAAP net earnings conform in all material amounts that would have to be reported if the financial statements would have been prepared under U.S. GAAP.

EPS - BASIC - CANADIAN GAAP



U.S. Dollars Per Share
*These numbers have been adjusted
See note in MD&A

EARNINGS PER SHARE CANADIAN AND U.S. GAAP

Canadian GAAP

As noted previously, Canadian GAAP and U.S. GAAP differ in the presentation of the restructuring charges taken against earnings during 1997. Neither allows for the presentation of earnings per share (EPS) before the effect of restructuring charges. Consequently, these charges that reduced EPS by $0.49, are included in all computations of EPS for 1997.

• Basic EPS decreased 74.6% to $0.29 for 1999 from $1.14 for 1998; and increased 216.7% to $1.14 for 1998 from $0.36 for 1997. The weighted average number of common shares outstanding for the purpose of the basic EPS calculation was 27.7 million shares for 1999, 25.1 million shares for 1998 and 24.8 million shares for 1997.

• Fully diluted EPS decreased 73.6% to $0.29 for 1999 from $1.10 for 1998; and increased 225.7% to $1.10 for 1998 from $0.35 for 1997. The fully diluted EPS takes into consideration the effects of stock options that have been granted to employees of the Company but that have not yet been exercised, as well as 300,000 warrants issued during 1999 in conjunction with the acquisition of Central Products.

• Had 1999 net earnings been presented before the above negative effects on revenue, cost of sales and SG&A as a result of costs of the MIS and plant integration difficulties; and had 1997 net earnings been presented on earnings that would have been recorded

as if the restructuring had not taken place; basic EPS would have been \$1.39 for 1999, \$1.14 for 1998 and \$0.85 for 1997. Fully diluted EPS would have been \$1.32, \$1.10 and \$0.82 respectively.

U.S. GAAP

Commencing in 1997, basic EPS under U.S. GAAP is calculated in a manner consistent with Canadian GAAP. Fully diluted EPS was \$0.29, \$1.10 and \$0.35 for the years 1999, 1998 and 1997 respectively. The weighted average number of common shares outstanding used to compute fully diluted EPS under U.S. GAAP was 28.6 million shares for 1999, 26.2 million shares for 1998 and 25.6 million shares for 1997.

LIQUIDITY AND CAPITAL RESOURCES

CHANGES IN CASH FLOWS

Cash flow from operations decreased to \$36.1 million from \$57.9 million in 1998 and \$39.7 million in 1997. To this amount, \$10.4 million was added from the decrease in non-cash working capital items. In 1998 and 1997, non-cash working capital items required funding in the amount of \$37.3 million and \$14.4 million respectively.

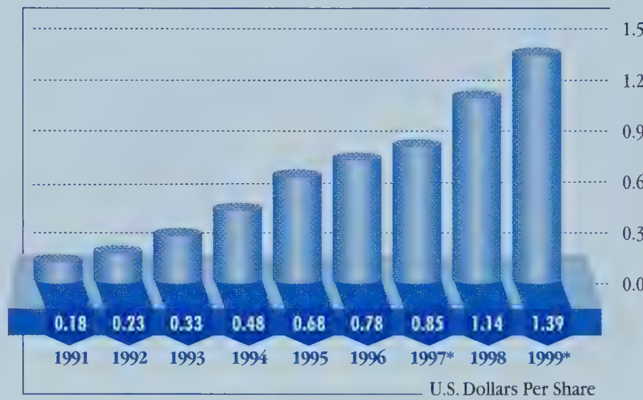
The balance of \$46.5 million in 1999 was augmented by an increase in long-term debt of \$187.0 million, \$76.9 million from the issue of common shares in March 1999, and \$1.7 million by way of the exercise of stock options. This was then reduced by \$60.8 million for the repayment of long-term debt, \$2.5 million for the purchase of shares for cancellation under a Normal Course Issuer Bid, \$3.0 million for the payment of dividends, and by \$68.8 million for the reimbursement of bank indebtedness. These funds totalling \$177.0 million were used as follows:

- invested \$67.7 million in capital and other assets,
- carried out the acquisition of Central Products Company and Spinnaker Electrical Tape Company in the amount of \$108.1 million.

CREDIT FACILITIES

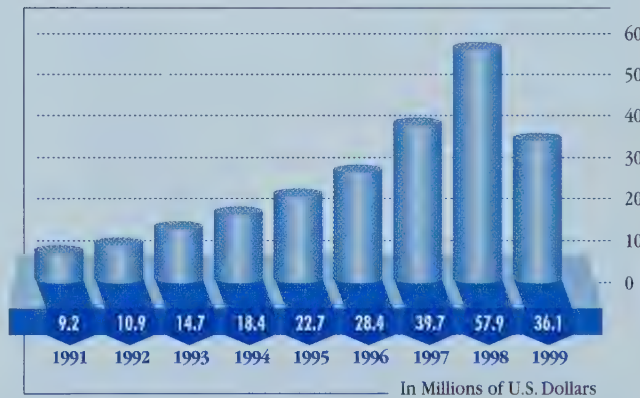
Overall, the Company has approximately \$94.0 million of committed one and two year credit facilities. Included in this amount is a \$60.0 million facility which expired on April 1, 2000 and was extended for 90 days so that the Company's 1999 Annual Report could be made available to the bank. The Company will request that this facility be replaced with a one year committed facility in the same amount.

EPS - BASIC - U.S. GAAP



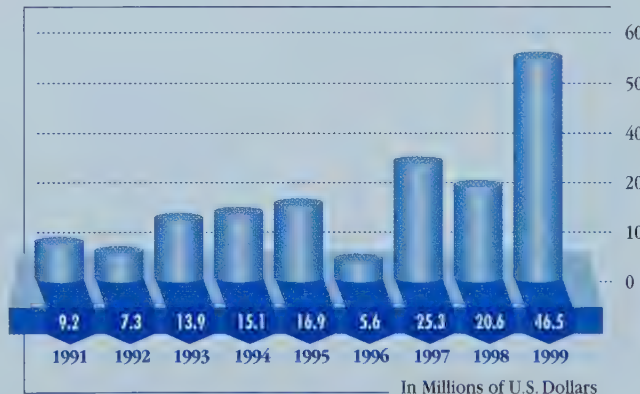
*These numbers have been adjusted See note in MD&A

CASH FLOW - BEFORE FUNDING WORKING CAPITAL



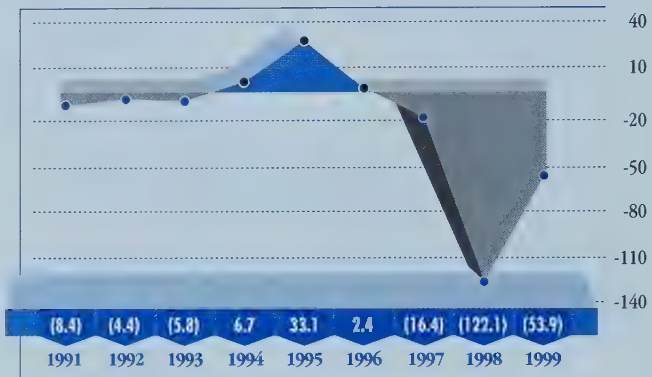
Cash Flow from Operations Before Funding Non-Cash Working Capital Items

CASH FLOW - AFTER FUNDING WORKING CAPITAL



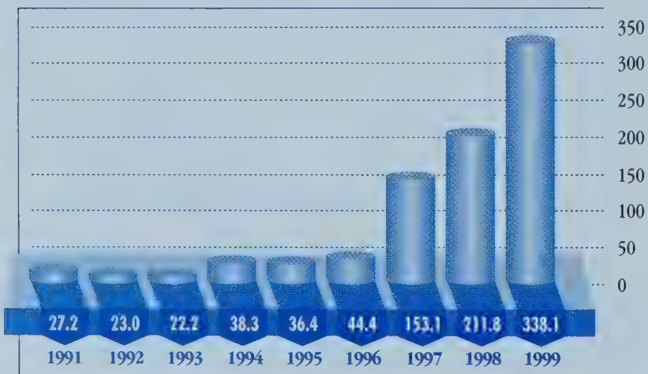
Cash Flow from Operations After Funding Non-Cash Working Capital Items

BANK INDEBTEDNESS



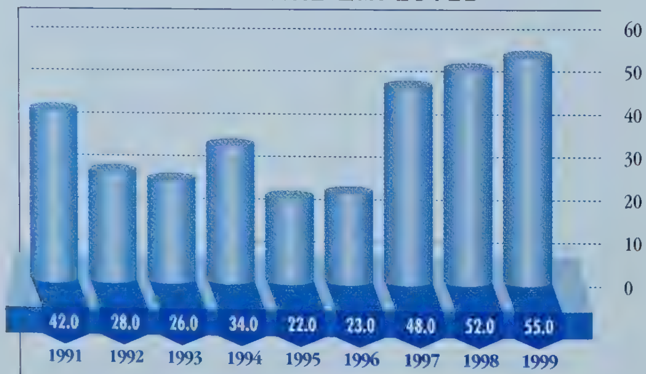
In Millions of U.S. Dollars

LONG-TERM DEBT



In Millions of U.S. Dollars

DEBT / TOTAL CAPITAL EMPLOYED



As a % of Total Capital Employed

CASH (BANK INDEBTEDNESS)

The uses of short-term credit facilities continued during the year in both Canada and the U.S. The 1999 year end balance of $53.9 million includes an amount of $45.8 million which pertains to that portion of the acquisition of Central Products funded through the use of a short-term credit facility. The bank indebtedness decreased $68.2 million from 1998 as part of the proceeds of the 1999 Series A and B Notes Offering was used to repay all short-term borrowings.

LONG-TERM DEBT

During 1999, the Company successfully completed a Series A and B Notes Offering of $137.0 million of Senior Unsecured U.S. dollar Notes bearing interest at an average rate of 7.78%, interest payable semi-annually, $25.0 million principle maturing November 2005 and the balance on May 2009. The proceeds were used primarily to repay some bank debt incurred during 1999 for part of the acquisition of Central Products and to repay the balance of bank debt incurred during 1998 for part of the purchase of Anchor.

During 1998, the Company successfully completed a U.S. Offering of $137.0 million of Senior Unsecured U.S. dollar Notes bearing interest at the rate of 6.82%, interest payable semi-annually, principle maturing March 31, 2008. The proceeds were used primarily to repay the bank debt $114.0 million incurred during 1997 in relation to the acquisition of American Tape.

CAPITAL STOCK

During 1999 and 1998 various employees exercised stock options which contributed $1.7 million and $1.2 million respectively.

During the first quarter of 1999, the Company issued 3,000,000 additional common shares at a price of Cdn $40.25 per share for a total cash infusion of US $76.9 million after issue costs. Proceeds were used to repay some short-term and long-term debts.

During 1999, the Company announced that it had registered a Normal Course Issuer Bid in Canada. During December 1999, 100,000 shares were purchased for cancellation, which resulted in a reduction of $0.7 million in the stated value of the Company's issued common shares.

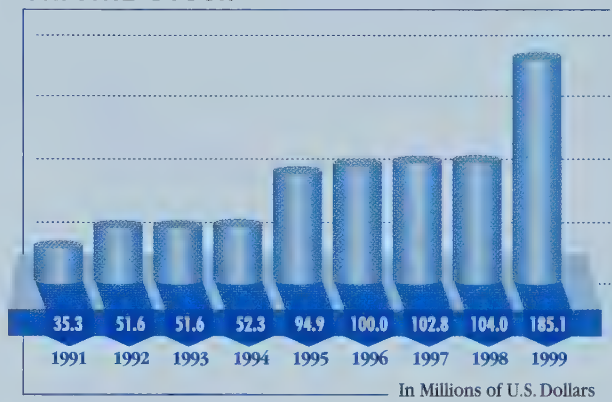
As part of the purchase price for the acquisition of Central Products, the Company issued 300,000 share purchase warrants. These warrants expire on August 9, 2004 and permit the holder to purchase common shares of the Company at a price of $29.50 per share.

CAPITAL EXPENDITURES

Total capital expenditures for 1999 were $57.2 million. There were a number of major projects either ongoing or completed in 1999.

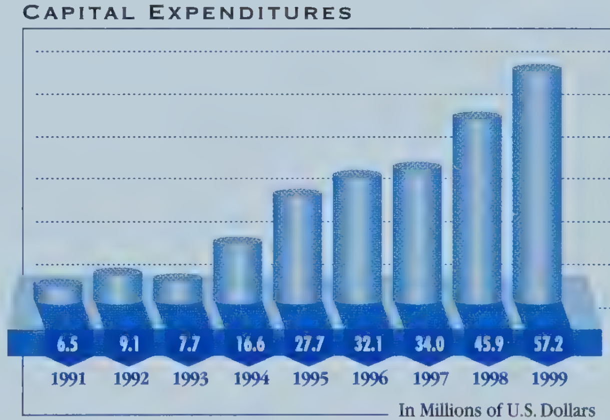
The expansion of our Truro, Nova Scotia plant was completed in 1999. This expansion will add much needed capacity for production of woven products. The installation of a new BOPP extrusion line was under way at our Danville, Virginia plant as well as adding more stretch film production capacity as part of our 100 million-pound stretch film expansion. Other expenditures were made in order to lower manufacturing costs and improve output of tape production facilities in Columbia, South Carolina, Marysville, Michigan and Richmond, Kentucky primarily in the areas of finishing and packaging.

CAPITAL STOCK



Lastly, expenditures in the MIS area continued in 1999 as we completed the migration of most of our systems onto a new, Y2K compliant, enterprise platform which is essential to our "Basket-of-Products" program.

CAPITAL EXPENDITURES



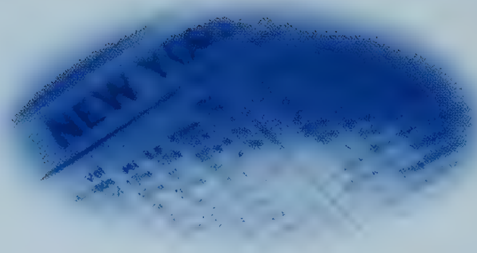
BUSINESS ACQUISITIONS

1999

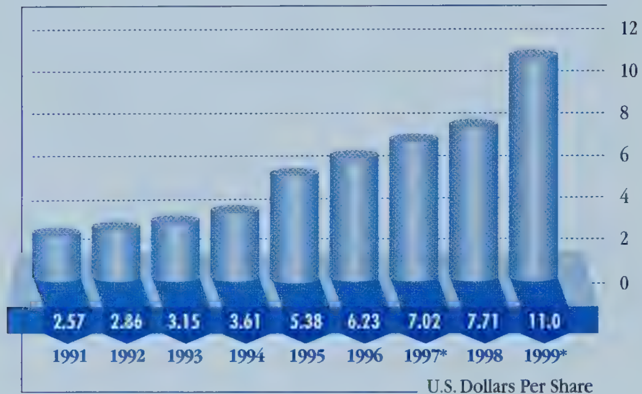
On July 30 and August 9, 1999, respectively, the Company acquired from Spinaker Industries, Inc. (AMEX: SKK) substantially all the assets of Spinnaker Electrical Tape Company and all of the outstanding shares of Central Products Company, manufacturers of pressure-sensitive, water-activated and electrical tapes. The total cash consideration and estimated transaction costs for these acquisitions were approximately $108.1 million. In addition, the Company issued 300,000 share purchase warrants valued at $3.2 million to the seller of these companies. Preliminary purchase price allocations reflect approximately $48.5 million of goodwill, which is amortized over a forty year period.

1998

On September 23, 1998 and October 7, 1998 respectively, the Company purchased 100% of the outstanding shares of Anchor, a manufacturer of pressure-sensitive tapes including both duct and masking tapes and substantially all the operating assets of Rexford, which is a Wisconsin redistributor of a variety of pressure-sensitive tapes as well as a manufacturer of water-activated tapes. The total cash consideration and estimated transaction costs for these acquisitions were approximately $113.2 million.



BOOK VALUE PER SHARE



*These numbers have been adjusted
See note in MD&A

BOOK VALUE PER SHARE

The per share book value for the years ended 1999, 1998 and 1997 were \$9.97, \$7.71 and \$6.53 respectively. Had 1999 net earnings been presented before the above negative effects on revenue, cost of sales and SG&A costs brought about by the MIS and plant integration difficulties; and had 1997 net earnings been presented as if the restructuring had not taken place; the book value on a per share basis would have increased 43.2% to \$11.04 as compared to \$7.71 for 1998. The 1998 book value would have increased 9.8% from \$7.02 for 1997.

DIVIDEND ON COMMON SHARES

On March 10, 1998, the Company declared an annual dividend of \$0.092 per share (Cdn \$0.13) to shareholders of record on March 20, 1998. The dividend was paid on March 31, 1998 and amounted to approximately \$2.1 million.

On March 9, 1999, the Company declared an annual dividend of \$0.106 per share (Cdn \$0.16) to shareholders of record on March 19, 1999. The dividend was paid on April 5, 1999 and amounted to approximately \$3.0 million.

Management's Responsibility for Financial Statements

The consolidated financial statements of Intertape Polymer Group Inc. and the other financial information included in this annual report are the responsibility of the Company's Management and have been examined and approved by its Board of Directors. These consolidated financial statements have been prepared by Management in accordance with generally accepted accounting principles and include some amounts that are based on Management's best estimates and judgements. The selection of accounting principles and methods is Management's responsibility.

The Company maintains internal control systems designed to ensure that the financial information produced is relevant and reliable.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors assigns its responsibility for the financial statements and other financial information to the audit committee, the majority of whom are non-management directors.

The audit committee's role is to examine the financial statements and annual report and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets periodically with the external auditors, to review their audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

The Company's external auditors, Raymond Chabot Grant Thornton, appointed by the shareholders at the Annual and Special Meeting, have audited the Company's financial statements and their report indicating the scope of their audit and their opinion on the financial statements follows.

Sarasota, Florida and Montreal, Canada
April 7, 2000

Melbourne F. Yull
Chairman and Chief Executive Officer

Andrew M. Archibald, C.A.
Chief Financial Officer,
Secretary, Treasurer,
Vice President Administration

Auditor's Report

We have audited the consolidated balance sheets of Intertape Polymer Group Inc. as at December 31, 1999 and 1998 and the consolidated statements of earnings, retained earnings and cash flows for each of the years in the three-year period ended December 31, 1999. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1999 in accordance with generally accepted accounting principles in Canada.

Raymond Chabot Grant Thornton

General Partnership, Chartered Accountants

Montreal
April 7, 2000

Consolidated Earnings

(In thousands of U.S. dollars; except per share amounts)

Years Ended December 31,	1999	1998	1997
Sales	$ 569,947	$ 378,030	$ 227,553
Cost of sales (Note 4)	445,322	271,971	164,558
Gross profit	*124,625*	*106,059*	*62,995*
Selling, general and administrative expenses (Note 4)	85,330	46,747	27,281
Amortization of goodwill	5,451	3,330	1,542
Research and development	3,901	3,059	1,456
Financial expenses (Note 5)	22,149	12,429	2,122
	116,831	*65,565*	*32,401*
Earnings before restructuring charges and income taxes	7,794	40,494	30,594
Restructuring charges (Note 6)	–	–	17,717
Earnings before income taxes	*7,794*	40,494	12,877
Income taxes (Note 7)	(304)	11,743	3,992
Net earnings	*$ 8,098*	*$ 28,751*	*$ 8,885*
Earnings per share			
Basic	*$ 0.29*	*$ 1.14*	*$ 0.36*
Fully diluted	*$ 0.29*	*$ 1.10*	*$ 0.35*

Consolidated Retained Earnings

(In thousands of U.S. dollars)

Years Ended December 31,	1999	1998	1997
Balance, beginning of year	$ 85,184	$ 58,563	$ 51,294
Net earnings	8,098	28,751	8,885
	93,282	*87,314*	*60,179*
Dividends	2,993	2,130	1,616
Premium on Common Shares purchased for cancellation	1,867	–	–
	4,860	*2,130*	*1,616*
Balance, end of year	*$ 88,422*	*$ 85,184*	*$ 58,563*

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Cash Flows

(In thousands of U.S. dollars)

Years Ended December 31,	1999	1998	1997
OPERATING ACTIVITIES			
Net earnings	**$ 8,098**	$ 28,751	$ 8,885
Non-cash items			
Depreciation and amortization	**31,229**	20,544	12,049
Future income taxes	**(3,197)**	8,627	1,635
Restructuring charges	–	–	17,136
Cash from operations before funding of changes in non-cash working capital items	***$ 36,130***	*$ 57,922*	*$ 39,705*
Changes in non-cash working capital items			
Trade and other receivables	**(3,321)**	(175)	(12,586)
Inventories and parts and supplies	**(6,085)**	(15,076)	(1,525)
Prepaid expenses	**(2,123)**	1,939	(651)
Accounts payable and accrued liabilities	**21,903**	(24,033)	393
	10,374	*(37,345)*	*(14,369)*
Cash flows from operating activities	***$ 46,504***	*$ 20,577*	*$ 25,336*
INVESTING ACTIVITIES			
Acquisitions of businesses (Note 8)	**(108,172)**	(113,187)	(42,903)
Capital assets, net of investment tax credits	**(57,154)**	(45,941)	(32,711)
Other assets	**(10,577)**	(8,923)	(4,087)
Cash flows from investing activities	***$ (175,903)***	*$ (168,051)*	*$ (79,701)*
FINANCING ACTIVITIES			
Net change in bank indebtedness	**(68,835)**	103,460	14,231
Issue of long-term debt	**187,000**	166,553	108,519
Repayment of long-term debt	**(60,767)**	(120,099)	(72,260)
Issue of Common Shares	**78,583**	1,172	2,893
Common Shares purchased for cancellation	**(2,542)**	–	–
Dividends paid	**(2,993)**	(2,130)	(1,616)
Cash flows from financing activities	***$ 130,446***	*$ 148,956*	*$ 51,767*
Net increase (decrease) in cash position	**1,047**	1,482	(2,598)
Effect of foreign currency translation adjustments	**(1,047)**	(1,482)	194
Cash position, beginning of year	–	–	2,404
Cash position, end of year	***$ –***	*$ –*	*$ –*
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Interest paid	***$ 22,065***	*$ 15,257*	*$ 4,031*
Income taxes paid	***$ 3,153***	*$ 3,339*	*$ 2,016*

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

(In thousands of U.S. dollars)

December 31,	1999	1998
Assets		
Current assets		
Trade receivables (net of allowance for doubtful accounts of $6,178,000 ($2,210,000 in 1998))	$ **83,120**	$ 71,094
Other receivables (Note 9)	**17,712**	11,872
Inventories (Note 10)	**87,301**	72,167
Parts and supplies	**9,813**	5,171
Prepaid expenses	**4,204**	1,603
Future income tax assets	**11,349**	7,869
	213,499	*169,776*
Capital assets (Note 11)	**351,722**	258,208
Other assets (Note 12)	**31,899**	20,606
Goodwill, at amortized cost	**217,886**	173,562
Total Assets	***$ 815,006***	*$ 622,152*
Liabilities		
Current liabilities		
Bank indebtedness (Note 13)	$ **53,920**	$ 122,100
Accounts payable and accrued liabilities	**88,563**	56,987
Installments on long-term debt	**2,079**	2,002
	144,562	*181,089*
Long-term debt (Note 14)	**336,015**	209,842
Other liabilities (Note 15)	**52,426**	36,972
Total Liabilities	***$ 533,003***	*$ 427,903*
Shareholders' Equity		
Capital stock and share purchase warrants (Note 16)	$ **185,091**	$ 104,033
Retained earnings	**88,422**	85,184
Accumulated foreign currency translation adjustments	**8,490**	5,032
Total Shareholders' Equity	***$ 282,003***	*$ 194,249*
Total Liability and Shareholders' Equity	***$ 815,006***	*$ 622,152*

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

Gordon R. Cunningham, Director

Ben J. Davenport, Jr., Director

intertape polymer group™

Notes To Consolidated Financial Statements

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

1. GOVERNING STATUTES

The Company, incorporated under the Canada Business Corporations Act, is based in Montreal, Canada.

The common shares of the Company are listed on the New York Stock Exchange in the United States of America and on the Toronto Stock Exchange in Canada.

2. ACCOUNTING POLICIES

Statements of Cash Flows

In 1999, the Company retroactively adopted the new Canadian standards with respect to the statements of cash flows. As a result of the application of the new standards, the variation of bank indebtedness is now presented with financing activities. In the past, bank indebtedness was included as part of cash position.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and all its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Investments in joint ventures have been proportionately consolidated based on the Company's ownership interest.

Fair Value of Financial Instruments

The fair value of trade receivables, other receivables, bank indebtedness as well as accounts payable and accrued liabilities is equivalent to carrying amounts, given the short maturity period of such financial instruments.

The fair value of receivables from joint ventures approximates the carrying amounts reported in the consolidated balance sheets.

The fair value of long-term debt was established as described in Note 14.

Foreign Currency Translation

Reporting Currency

The financial statements of the Company were presented in Canadian dollars up to December 31, 1998. As a result of business acquisitions and increasing activities in the United States, the Company adopted the U.S. dollar as its reporting currency effective January 1, 1999. In accordance with generally accepted accounting principles in Canada, for periods up to and including December 31, 1998, amounts pertaining to the consolidated financial statements and notes thereto were converted into U.S. dollars using a translation of convenience with the December 31, 1998 exchange rate of CDN $1.5305 per US $1.00.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

2. ACCOUNTING POLICIES (Continued)

For years after December 31, 1998, the accounts of the Company's operations having a functional currency other than the U.S. dollar have been translated into the reporting currency using the current rate method as follows: assets and liabilities have been translated at the exchange rate in effect at the year end and revenues and expenses have been translated at the average rate during the year. All translation gains or losses of the Company's net equity investments in these operations have been included in the accumulated foreign currency translation adjustments account in shareholders' equity. Changes in this account for all periods presented result solely from the application of this translation method.

Foreign Currency Translation

Transactions denominated in currencies other than the functional currency have been translated into the functional currency as follows: monetary assets and liabilities have been translated at the exchange rate in effect at the end of each year and revenues and expenses have been translated at the average exchange rate for each year; non-monetary assets and liabilities have been translated at the rates prevailing at the transaction dates. Exchange gains and losses arising from such transactions are included in earnings.

Inventory, Parts and Supplies Valuation

Raw materials are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value. Cost is principally determined by the first in, first out method.

Parts and supplies are valued at the lower of cost and replacement cost.

Capital Assets

Capital assets are stated at cost less applicable investment tax credits and government grants earned and are depreciated over their estimated useful lives principally as follows:

	Methods	Rates and Periods
Buildings	Diminishing balance or straight-line	5 % 15 to 40 years
Buildings under capital leases	Straight-line	20 years
Manufacturing equipment	Straight-line	7 to 20 years
Furniture, office, computer equipment and software and other	Diminishing balance or straight-line	20% 5 years

The Company follows the policy of capitalizing interest during the construction and preproduction periods as part of the cost of significant capital assets. Normal repairs and maintenance are expensed as incurred. Expenditures which materially increase values, change capacities or extend useful lives are capitalized.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

2. ACCOUNTING POLICIES (Continued)

Deferred Charges

Debt issue expenses are deferred and amortized on a straight-line basis over the term of the related obligation. Other deferred charges are amortized on a straight-line basis over a five-year period.

Goodwill

Goodwill represents the excess of the purchase price and related cost over the value assigned to the net tangible assets of investments in subsidiaries and joint ventures at the dates of acquisition. Goodwill is being amortized on a straight-line basis over 40 years, the estimated life of the benefit. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any permanent impairment in the value of goodwill would be written off against earnings.

Environmental Costs

The Company expenses, on a current basis, recurring costs associated with managing hazardous substances and pollution in ongoing operations. The Company also accrues for costs associated with the remediation of environmental pollution when it becomes probable that a liability has been incurred and its proportionate share of the amount can be reasonably estimated.

Income Taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the financial statement values and tax values of assets and liabilities, using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

Stock Options

The Company has granted stock options as described in Note 16. No compensation expense is recognized when stock options are issued to employees. Any consideration paid by employees on the exercise of stock options is credited to capital stock.

Earnings Per Share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year.

Fully diluted earnings per share reflect the dilutive effects of stock options and share purchase warrants which would have resulted if exercise of options and warrants had occurred at the beginning of the period or at the date of the granting of the options or warrants.

Based on imputed rates of return of 6% in 1999, 1998 and 1997, after-tax imputed earnings of $1,397,000 in 1999, $1,008,000 in 1998, and $290,000 in 1997 were considered for purposes of calculating fully diluted earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

3. JOINT VENTURES

The Company's pro rata share of its joint ventures' operations included in the consolidated financial statements is summarized as follows:

Years Ended December 31,	1999	1998	1997
Earnings			
Sales	**$ 4,467**	$ 3,934	$ 2,639
Gross profit	**1,010**	1,130	900
Financial expenses	**882**	440	71
Net earnings (net loss)	**(767)**	(59)	150
Changes in Cash Flows			
Source (use) of cash from operating activities	**(1,331)**	827	1,217
Source (use) of cash for investing activities	**2,343**	(1,309)	(3,296)
Source (use) of cash from financing activities	**(2,566)**	1,136	2,725

Years Ended December 31,	1999	1998
Balance Sheet		
Assets		
Current assets	**$ 3,091**	$ 3,245
Long-term assets	**11,243**	9,529
Liabilities		
Current liabilities	**10,817**	2,902
Long-term debt	**3,187**	2,745

During the year ended December 31, 1999, the Company recorded sales of $7,716,000 to its joint ventures ($1,745,000 in 1998 and $2,462,000 in 1997). Also, interest income of $1,493,660 from a joint venture was accounted for during the year ended December 31, 1999 ($996,000 in 1998 and $682,000 in 1997). Those operations, measured at exchange values, were conducted in the normal course of business.

4. INTEGRATION AND TRANSITION, ASSET WRITE-DOWNS AND OTHER NON-RECURRING COSTS

For the year ended December 31, 1999, the Company incurred substantial integration and transition, asset write-downs and other non-recurring costs as a result of recent business acquisitions and the implementation of a major enterprise-wide Management Information System. Such costs were included in cost of sales ($19.5 million) and selling, general and administrative expenses ($11.6 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

5. INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF EARNINGS

Years Ended December 31,		1999		1998		1997
Depreciation of capital assets	**$**	**25,077**	$	16,090	$	10,154
Amortization of deferred charges		**701**		1,124		353
Financial expenses						
Interest on long-term debt		**17,924**		10,078		3,205
Interest and bank charges		**6,519**		6,473		951
Interest income, gain on foreign exchange and other		**(1,154)**		(2,542)		(1,497)
Interest capitalized to capital assets		**(1,140)**		(1,580)		(537)
	$	***22,149***	*$*	*12,429*	*$*	*2,122*

6. RESTRUCTURING CHARGES

In 1997, the Company initiated an organizational review of the operations of certain facilities manufacturing flexible intermediate bulk containers and approved a plan to improve efficiency and reduce operating costs.

As a result of the review, a restructuring provision of $17.7 million was recorded to reflect asset impairment and to provide for accruals for costs identified in the restructuring plan.

7. INCOME TAXES

The provision for income taxes consists of the following:

Years Ended December 31,		1999		1998		1997
Current	**$**	**2,893**	$	3,116	$	2,357
Future		**(3,197)**		8,627		1,635
	$	***(304)***	*$*	*11,743*	*$*	*3,992*

The reconciliation of the combined Federal and Provincial statutory income tax rate to the Company's effective tax rate is detailed as follows:

Years Ended December 31,		1999		1998		1997
Combined Federal and Provincial income tax rate	**%**	**42.7**	%	42.9	%	43.4
Manufacturing and processing		**14.0**		(2.1)		(6.1)
Foreign losses recovered (income taxed) at lower rates		**0.3**		(5.1)		3.2
Impact of other differences		**(60.9)**		(6.7)		(9.5)
Effective income tax rate	***%***	***(3.9)***	*%*	*29.0*	*%*	*31.0*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

7. INCOME TAXES (Continued)

The net future income tax liabilities are detailed as follows:

Years Ended December 31,	1999	1998
Future income tax assets		
Accounts payable and accrued liabilities	$ **6,944**	$ 8,676
Tax credits and loss carry-forwards	**12,979**	5,106
Trade and other receivables	**2,101**	845
Inventories	**4,264**	486
Others	–	54
	26,288	*15,167*
Future income tax liabilities		
Capital assets	**(50,112)**	(34,270)
Others	**(2,545)**	–
	(52,657)	*(34,270)*
Net future income tax liabilities	***$ (26,369)***	*$ (19,103)*

8. ACQUISITIONS OF BUSINESSES

In the last three years, the following business acquisitions have been accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to the assets and liabilities based on their estimated fair value as of acquisition date.

The operating results of the acquired businesses have been included in the consolidated financial statements from the dates of acquisition.

Year ended December 31, 1999

On July 30, 1999 and August 9, 1999 respectively, the Company purchased certain assets of Spinnaker Electrical Tape Company (SETco) and 100% of the outstanding shares of Central Products Company (CPC), manufacturers of pressure-sensitive, water-activated and electrical tapes.

The total cash consideration and estimated transaction costs for the acquisitions were approximately $108.1 million. In addition, the Company issued share purchase warrants valued at $3.2 million to the former owners.

The preliminary purchase price allocations, which reflect approximately $48.5 million allocated to goodwill, were based on available information and preliminary appraisals and are subject to revision as more facts become known. Goodwill from the acquisitions is being amortized over a 40-year period.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

8. ACQUISITIONS OF BUSINESSES (Continued)

Year ended December 31, 1998

On September 23, 1998 and October 7, 1998 respectively, the Company purchased 100% of the outstanding shares of Anchor Continental, Inc., a manufacturer of pressure-sensitive tapes including both masking and duct tapes and substantially all the operating assets of Rexford Paper Company, a redistributor of a variety of pressure-sensitive tapes as well as a manufacturer of water-activated tapes.

The total cash consideration and estimated transactions costs for the acquisitions were approximately $113.2 million.

Year ended December 31, 1997

On December 16, 1997, the Company purchased 100% of the outstanding shares of American Tape Co., a manufacturer of pressure-sensitive tapes and shrink film.

The total cash consideration and transaction costs were approximately $42.9 million. Approximately $67 million of American Tape Co.'s long-term debt was refinanced following the acquisition.

The following is a summary of the initial values of the net assets purchased in the last three years:

December 31,	1999	1998	1997
Current assets	**$ 26,523**	$ 32,473	$ 21,511
Capital assets	**66,541**	51,745	43,906
Goodwill and other assets	**49,763**	72,116	68,450
Net future income tax assets	–	–	4,866
	142,827	*156,334*	*138,733*
Current liabilities assumed	**(23,250)**	(38,926)	(25,359)
Net future income tax liabilities	**(8,255)**	(4,221)	–
Long-term debt assumed	–	–	(70,471)
Net assets purchased	***$ 111,322***	*$ 113,187*	*$ 42,903*
Consideration			
Cash	**108,172**	113,187	42,903
Issue of share purchase warrants	**3,150**	–	–
	$ 111,322	*$ 113,187*	*$ 42,903*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

9. OTHER RECEIVABLES

December 31,	1999	1998
Rebates receivable	**5,560**	3,461
Income and other taxes	**5,354**	1,604
Sales taxes	**2,059**	1,827
Other	**4,739**	4,980
	$ 17,712	*$ 11,872*

10. INVENTORIES

December 31,	1999	1998
Raw materials	**$ 25,460**	$ 19,423
Work in process	**12,189**	8,507
Finished goods	**49,652**	44,237
	$ 87,301	*$ 72,167*

11. CAPITAL ASSETS

December 31, 1999	Cost	Accumulated Depreciation	Net
Land	**$ 2,264**	**$ –**	**$ 2,264**
Buildings	**37,142**	**5,336**	**31,806**
Buildings under capital leases	**15,125**	**2,560**	**12,565**
Manufacturing equipment	**346,629**	**78,202**	**268,427**
Furniture, office, computer equipment and software and other	**25,517**	**6,584**	**18,933**
Manufacturing equipment under construction	**17,727**	**–**	**17,727**
	$ 444,404	***$ 92,682***	***$ 351,722***

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

11. CAPITAL ASSETS (Continued)

December 31, 1998	Cost	Accumulated Depreciation	Net
Land	$ 1,879	$ –	$ 1,879
Buildings	29,366	3,360	26,006
Buildings under capital leases	14,958	2,174	12,784
Manufacturing equipment	255,760	59,793	195,967
Furniture, office, computer equipment and software and other	12,915	4,192	8,723
Building and manufacturing equipment under construction	12,849	–	12,849
	$ 327,727	*$ 69,519*	*$ 258,208*

12. OTHER ASSETS

December 31,	1999	1998
Debt issue expenses and other deferred charges, at amortized cost	$ **4,067**	$ 3,460
Loans to officers and directors including loans regarding the exercise of stock options, without interest, various repayment terms	**275**	458
Receivables from joint ventures[a]	**23,449**	13,985
Other receivables	**1,452**	1,683
Other, at cost	**2,656**	1,020
	$ 31,899	*$ 20,606*

[a] Of this amount, a total of $21,802,000 is receivable from IFCO - U.S., L.L.C. (IFCO) as at December 31, 1999 ($12,590,000 in 1998) and includes the following: $7,087,000 ($6,274,000 in 1998) of promissory notes bearing interest at a rate of 10%, repayable in annual principal instalments, maturing at various dates until January 2003 and a $14,715,000 ($6,316,000 in 1998)loan bearing interest at the U.S. prime rate, due on demand.

In March 2000, all amounts receivable from IFCO were reimbursed to the Company as a result of the sale of the Company's interest in this joint venture. The proceeds of this sale were used to reduce outstanding bank credit facilities.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

13. BANK INDEBTEDNESS AND CREDIT FACILITIES

The bank indebtedness consists of the utilized portion of unsecured demand and revolving bank credit facilities and cheques issued which have not been drawn from the facilities and is reduced by any cash balances.

As at December 31, 1999, the Company had:

- A senior unsecured bank loan under a US $60.0 million term credit facility which matures on April 1, 2000. This loan bears interest at U.S. prime rate or LIBOR plus a premium varying between 1.25% and 1.50%. As at December 31, 1999, the effective interest rate pertaining to the bank loan was approximately 8.1% and US $50.0 million was utilized;
- CDN $6.0 million of revolving credit facilities from Canadian financial institutions of which CDN $0.4 million was utilized as at December 31, 1999;
- US $30.0 million of revolving credit facilities from U.S. and Canadian financial institutions of which US $7.8 million was utilized as at December 31, 1999.

  The effective interest rate on the used portion of the revolving credit facilities was 8.0% as at December 31, 1999 (8.0% as at December 31, 1998).

14. LONG -TERM DEBT

Long-term debt consists of the following:

	1999	1998
a) $137,000,000 Series A and B Senior Notes	**$ 137,000**	$ –
b) $137,000,000 Senior Notes	**137,000**	137,000
c) $8,000,000 Series 3 Notes	**8,000**	33,000
d) Bank loan under a revolving credit facility	**50,000**	33,001
e) Other debt	**6,094**	8,843
	338,094	*211,844*
Less		
Current portion of long-term debt	**2,079**	2,002
	$ 336,015	*$ 209,842*

a) Series A and B Senior Notes

Senior Unsecured Notes, bearing interest at an average rate of 7.78%, payable semi-annually. The Series A $25.0 million Notes are repayable on May 31, 2005 and the Series B $112.0 million Notes are repayable in semi-annual amounts between November 30, 2005 and May 31, 2009.

b) Senior Notes

Senior Unsecured Notes, bearing interest at 6.82%, payable semi-annually, maturing March 31, 2008.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

14. LONG-TERM DEBT (Continued)

c) Series 3 Notes

Senior Unsecured Notes, bearing interest at an effective rate of 8.08% (7.78% in 1998), payable semi-annually. These Notes mature on June 1, 2001. The Series 1 and 2 Senior Unsecured Notes were repaid during the year with a portion of the proceeds from the Series A and B Senior Unsecured Notes.

d) Bank Loan Under a Revolving Credit Facility

Senior unsecured bank loan under a $50.0 million revolving credit facility maturing July 15, 2001. This loan bears interest at U.S. prime rate or LIBOR plus a premium varying from 0.4% to 0.625%. As at December 31, 1999, the effective interest rate pertaining to the loan was 7.0% (6.9% in 1998).

e) Other Debt

Other debt consisting of government loans, mortgage loans in a joint venture, obligations related to capitalized leases and other loans at fixed and variable interest rates ranging from interest-free to 8.25% and requiring periodic principal repayments through 2008.

The Company has complied with the maintenance of financial ratios and with other conditions that are stipulated in the covenants pertaining to the various loan agreements.

Long-term debt repayments are due as follows:

2000	$ 2,079
2001	59,531
2002	1,242
2003	463
2004	422
Thereafter	274,357
	$ 338,094

Fair Value

For all debts with fixed interest rates, the fair value has been determined based on the discounted value of cash flows under the existing contracts using rates representing those which the Company could currently obtain for loans with similar terms, conditions and maturity dates. For the debts with floating interest rates, the fair value is closely equivalent to their carrying amounts.

The carrying amounts and fair values of the Company's long-term debt as at December 31, 1999 and 1998 are:

	1999		1998	
	Fair value	**Carrying amount**	Fair value	Carrying amount
	$ 333,193	***$ 338,094***	*$ 221,154*	*$ 211,844*

Notes To Consolidated Financial Statements

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

15. OTHER LIABILITIES

December 31,	1999	1998
Provision for future site rehabilitation costs	$ **4,500**	$ 4,500
Future income tax liabilities	**37,718**	26,972
Other	**10,208**	5,500
	$ 52,426	*$ 36,972*

16. CAPITAL STOCK AND SHARE PURCHASE WARRANTS

Capital Stock – Authorized

Unlimited number of shares without par value.

- Common shares, voting and participating
- Class "A" preferred shares, issuable in series, ranking in priority to the common shares with respect to dividends and return of capital on dissolution. The Board of Directors is authorized to fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

Capital Stock – Issued and Fully Paid

The changes in the number of outstanding common shares and their aggregate stated value from January 1, 1997 to December 31, 1999 were as follows:

	1999		1998		1997	
	Number of shares	**Stated value**	Number of shares	Stated value	Number of shares	Stated value
Balance, beginning of year ..	**25,194,333**	**$ 104,033**	25,019,921	$ 102,861	24,446,476	$ 99,968
Shares issued for cash in public offering	**3,000,000**	**$ 76,887**	–	–	–	–
Shares purchased for cancellation	**(100,000)**	**(675)**	–	–	–	–
Shares issued for cash upon exercise of stock options ..	**202,059**	**$ 1,696**	174,412	$ 1,172	573,445	$ 2,893
Balance, end of year	***28,296,392***	***$ 181,941***	*25,194,333*	*$ 104,033*	*25,019,921*	*$ 102,861*

On March 16, 1999, the Company issued 3,000,000 shares by way of a public offering at US$26.31 per share. The proceeds for the Company, after deducting underwriting commissions and transaction fees of $2,043,000, net of related income tax benefits of $1,117,000, totalled $76,887,000.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

16. CAPITAL STOCK AND SHARE PURCHASE WARRANTS (Continued)

During 1999, the Corporation purchased for cancellation 100,000 common shares at an average stated value per share of $6.75 under a Normal Course Issuer Bid. The excess of the purchase price over the average stated capital of the shares has been charged to retained earnings.

For basic earnings per share calculation purposes, the weighted average number of common shares outstanding was 27,679,385 for the year ended December 31, 1999 (25,123,812 in 1998 and 24,819,495 in 1997).

Share Purchase Warrants

	1999
300,000 share purchase warrants	**3,150**

As partial consideration for the 1999 business acquisitions described in Note 8, 300,000 warrants were issued. These warrants, which expire on August 9, 2004, permit holders to purchase common shares of the Company at a price of $29.50 per share.

Shareholders' Protection Rights Plan

On May 21, 1998, the shareholders approved the extension to September 2003 of a Shareholders' Protection Rights Plan originally established in 1993. The effect of the Rights Plan is to require anyone who seeks to acquire 20 percent or more of the Company's voting shares to make a bid complying with specific provisions.

Stock Options

Under the Company's Amended Executive Stock Option Plan, options may be granted to the Company's executives and directors. Options expire no later than ten years after the date of granting. The plan provides that such options will vest and may be exercisable 25 percent per year over four years.

Options granted during the last three years were as follows:

	1999	1998	1997
Number of common shares in respect of which new options were granted	**14,000**	744,650	634,900
Exercise price	**$27.88**	$16.69 to $23.26	$19.09 to $20.59

All options were granted at a price equal to the average market value on the five days immediately preceding the date the options were granted.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

16. CAPITAL STOCK AND SHARE PURCHASE WARRANTS (Continued)

The following table presents the situation pertaining to common shares reserved for issuance under the plan and options exercised:

	1999	1998	1997
Number of common shares reserved for issuance under the plan	**2,405,242**	2,405,242	2,405,242
Number of shares remaining available for issuance under the plan[(a)]	**-**	-	484,453
Number of common shares issued pursuant to the exercised stock options	**202,059**	174,412	573,445
Price range at issuance	**$4.25 to $23.26**	$4.25 to $20.59	$4.25 to $17.84

[(a)] As at December 31, 1999, a total of 82,708 options to purchase common shares (68,708 options as at December 31, 1998) had been granted, subject to regulatory and shareholder approval.

The changes in number of options outstanding were as follows:

	Weighted average exercise price	1999 Number	1998 Number	1997 Number
Balance, beginning of year	$ 14.30	**2,406,067**	1,837,329	1,799,074
Granted	$ 27.88	**14,000**	744,650	634,900
Exercised	$ 8.18	**(202,059)**	(174,412)	(573,445)
Cancelled	$ 19.30	**(784)**	(1,500)	(23,200)
Balance, end of year	***$ 15.76***	***2,217,224***	*2,406,067*	*1,837,329*

The following table summarizes information about options outstanding and exercisable at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number	Weighted average contractual life (in years)	Weighted average exercise price	Number	Weighted average exercise price
$ 4.25 to 8.58	490,132	4.8	$ 5.93	490,132	$ 5.93
$ 10.86 to 19.30	1,407,004	5.0	$ 17.58	720,136	$ 16.75
$ 19.49 to 27.88	320,088	5.0	$ 22.81	76,522	$ 22.57
	2,217,224			*1,286,790*	

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

17. COMMITMENTS AND CONTINGENCIES

Commitments

At December 31, 1999, the Company had commitments aggregating approximately $8,131,000 to 2004 for the rental of offices, warehouse space, manufacturing equipment, automobiles and other. Minimum lease payments for the next five years are $2,432,000 in 2000, $1,599,000 in 2001, $1,431,000 in 2002 and $1,344,000 in 2003 and $1,325,000 in 2004.

The Company also had commitments aggregating approximately $15,200,000 for the purchase of manufacturing equipment.

Contingencies

The Company is party to various claims and lawsuits which are being contested. In the opinion of Management, the outcome of such claims and lawsuits will not have a material adverse effect on the Company.

18. PENSION AND POST - RETIREMENT BENEFIT PLANS

The Company has several defined contribution plans and defined benefit plans for substantially all its employees in both Canada and the United States. These plans are generally contributory in Canada and non-contributory in the United States.

Defined Contribution Plans

In the United States, the Company maintains a savings retirement plan (401[k] Plan) for the benefit of certain employees who have been employed for at least one year. Contribution to these plans is at the discretion of the Company.

The Company contributes as well to a multi-employer plan for employees covered by collective bargaining agreements.

In Canada, the Company maintains a defined contribution plan for its salaried employees. The Company contributes to the plan amounts equal to 4 percent of each participant's eligible salary.

The Company has expensed $2,937,000 for these plans for the year ended December 31, 1999 ($1,367,000 and $619,000 for 1998 and 1997 respectively).

Defined Benefit Plans

The Company has, in the United States, two defined benefit plans (hourly and salaried). Benefits for employees are based on compensation and years of service for salaried employees and fixed benefits per month for each year of services for hourly employees.

The funding policy is consistent with the funding requirements of federal laws and regulations. Plan assets consist primarily of equity securities and fixed income investments.

In Canada, certain non-union hourly employees of the Company are covered by a plan which provides a fixed benefit of $10.33 ($9.15 and $8.49 in 1998 and 1997 respectively) per month for each year of service.

Plan assets are invested in segregated funds, managed by an unaffiliated investment firm who places these funds in pooled accounts.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

18. PENSION AND POST-RETIREMENT BENEFIT PLANS (Continued)

The following represents the weighted average of significant assumptions used for the measurement of pension costs and projected benefit obligation:

Years Ended December 31,	1999	1998	1997
Discount rate	% **7.00**	% 7.00	% 7.50
Expected long-term rate of return	% **8.50**	% 9.50	% 9.50

There is no salary increase assumption because the remaining plans provide fixed benefits.

Components of net periodic benefit cost for defined benefit plans are as follows:

Years Ended December 31,	1999	1998	1997
Service cost	$ **420**	$ 642	$ 39
Interest cost	**804**	1,954	46
Expected return on plan assets	**(846)**	(2,434)	(56)
Amortization of actuarial gains	**–**	–	(1)
Amortization of unrecognized prior service cost	**52**	49	–
Other	**3**	3	1
Net periodic benefit cost	*$ 433*	*$ 214*	*$ 29*

The funded status of the plans are as follows:

December 31,	1999	1998
Benefit obligation at beginning of year	$ **7,423**	$ 8,773
Service cost	**420**	642
Interest cost	**804**	1,954
Business acquisition	**10,294**	–
Actuarial loss and other	**(1,852)**	1,227
Benefits paid	**(399)**	(5,173)
Benefit obligation at end of year	*$ 16,690*	*$ 7,423*

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

18. PENSION AND POST-RETIREMENT BENEFIT PLANS (Continued)

December 31,	1999	1998
Fair value of plan assets at beginning of year	**$ 7,145**	$ 10,524
Actual return on plan assets	**1,000**	1,294
Contributions received	**185**	500
Business acquisition	**8,775**	–
Benefits paid	**(399)**	(5,173)
Fair value of plan assets at end of year	***$ 16,706***	*$ 7,145*

Funded status of the plan	**$ 16**	$ (278)
Unrecognized actuarial gain	**(2,154)**	(138)
Unrecognized prior service cost	**691**	734
Other	**(106)**	(106)
Prepaid (accrued liability) benefit cost	***$ (1,553)***	*$ 212*

Post-retirement Benefits

In the United States, the Company provides group health care and life insurance benefits to certain retirees. The cost of providing these benefits, which is charged against earnings on an accrual basis, amounted to $109,000 ($126,000 in 1998).

19. SEGMENT DISCLOSURES

The Company manufactures and sells an extensive range of specialized polyolefin plastic packaging products primarily in Canada and in the United States. All products have to be considered part of one reportable segment as they are made from similar extrusion processes and differ only in the final stages of manufacturing. A vast majority of the Company's products, while brought to market through various distribution channels, generally have similar economic characteristics.

The following table presents revenues by country based on the location of the manufacturing facilities:

Years Ended December 31,	1999	1998	1997
Canada	**$ 107,072**	$ 94,186	$ 93,272
United States	**487,640**	334,367	193,938
Other	**3,333**	3,390	2,110
Transfers between geographic areas	**(28,098)**	(53,913)	(61,767)
Total revenues	***$ 569,947***	*$ 378,030*	*$ 227,553*

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

19. SEGMENT DISCLOSURES (Continued)

The following table presents capital assets and goodwill by country based on the locations of assets:

December 31,	1999	1998
Capital Assets		
Canada	**$ 48,016**	$ 36,658
United States	**296,326**	213,779
Other	**7,380**	7,771
Total capital assets	***$ 351,722***	*$ 258,208*
Goodwill		
Canada	**$ 19,053**	$ 18,643
United States	**198,833**	154,919
Total goodwill	***$ 217,886***	*$ 173,562*

No customer accounted for 10 percent or more of revenues in 1999, 1998 and 1997.

20. DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA

In certain respects, Canadian generally accepted accounting principles (Canadian GAAP) differ from United States generally accepted accounting principles (U.S. GAAP).

a) Net Earnings and Earnings Per Share

Net earnings of the Company and basic earnings per share established under Canadian GAAP, conform in all material respects to the amounts that would be reported if the financial statements would have been prepared under U.S. GAAP.

Fully diluted earnings per share under U.S. GAAP is calculated using the assumption that proceeds from exercising options are used at the beginning of the year to acquire common shares of the Company at average market price.

Fully diluted earnings per share established in accordance with U.S. GAAP would be as follows:

	1999	1998	1997
Fully diluted earnings per share	**$ 0.29**	$ 1.10	$ 0.35

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

20. DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA (Continued)

b) Consolidated Statements of Earnings

Canadian GAAP permits the disclosure of a subtotal representing "Earnings before restructuring charges and income taxes". U.S. GAAP does not permit the presentation of this subtotal.

Under Canadian GAAP, the change in reporting currency effected on January 1, 1999 has been accounted for using a translation of convenience, as described in Note 2. Under U.S. GAAP, the financial statements for periods presented prior to the change in reporting currency would be translated to U.S. dollars using the current rate method, which method uses specific year-end or annual average exchange rates as appropriate. Accordingly, using the current rate method, the following amounts would have been reported for sales and cost of sales, under U.S. GAAP:

December 31,	1999	1998
Sales	**$ 390,007**	$ 243,631
Cost of sales	**$ 280,588**	$ 176,185

c) Consolidated Balance Sheets

Under Canadian GAAP, the financial statements are prepared using the proportionate consolidation method of accounting for joint ventures. Under U.S. GAAP, these investments would be accounted for using the equity method. Note 3 to the consolidated financial statements provides details of the impact of proportionate consolidation on the Company's consolidated financial statements for 1999, 1998 and 1997, including the impact on the consolidated balance sheets.

The other differences in presentation that would be required under U.S. GAAP to the consolidated balance sheets are not viewed as significant enough to require further disclosure.

d) Consolidated Cash Flows

Canadian GAAP permits the disclosure of a subtotal of the amount of funds provided by operations before changes in non-cash working capital items to be included in the consolidated statements of cash flows. U.S. GAAP does not permit this subtotal to be presented.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

20. DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA (Continued)

e) Post-retirement Benefits Other Than Pensions

The following disclosure on post-retirement benefit cost components and funded status would be required under U.S. GAAP:

Year Ended December 31,	1999	1998	1997
Service cost for the year	**$ 21**	$ 27	$ –
Interest cost on accumulated post-retirement benefit obligation	**$ 58**	$ 66	$ –
Net amortization	**$ 30**	$ 33	$ –
Net post-retirement benefit cost	***$ 109***	*$ 126*	*$ –*

December 31,	1999	1998
Benefit obligation at beginning of year	**$ 960**	$ 827
Service cost	**$ 21**	$ 27
Interest cost	**$ 58**	$ 66
Business acquisition	**$ 41**	$ –
Actuarial loss (gain)	**$ (398)**	$ 100
Benefits paid	**$ 30**	$ (60)
Benefit obligation at end of year	***$ 712***	*$ 960*

For measurement purposes, an 8% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1999 and to gradually decrease to 5% in 2005. A 1% increase/decrease in this annual trend rate would have the following effects:

	1% Increase	1% Decrease
Effect on total service and interest cost components	**$ 2**	$ (2)
Effect on post-retirement benefit obligation	**$ 25**	$ (22)

20. DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA (Continued)

f) Accounting for Compensation Programs

The Company has chosen to continue to measure compensation costs related to awards of stock options using the intrinsic value based method of accounting. Under U.S. GAAP, the Company is required to make pro forma disclosures of net earnings, basic earnings per share and diluted earnings per share as if the fair value based method of accounting had been applied. The fair value of options granted in 1999, 1998 and 1997 was estimated using the Black-Scholes option-pricing model, taking into account an expected life of five years, expected volatility of 25% for all periods, risk-free interest rates of 5.39% (5.27% in 1998, 5.67% in 1997) and maintenance of the existing dividend policy. A compensation charge is charged off on the vesting periods.

Accordingly, the Company's net earnings, basic earnings per share and diluted earnings per share for the year ended December 31, 1999 would have been reduced, on a pro forma basis, by $2,499,000, $0.09 and $0.09 ($2,100,000, $0.08 and $0.08 respectively in 1998 and $1,567,000, $0.07 and $0.06 respectively in 1997).

The weighted average fair value of options granted in 1999 was $8.79 ($5.98 in 1998 and $5.83 in 1997).

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's Amended Executive Stock Option Plan has characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in Management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

g) Business Acquisition – Pro forma Disclosures

As required under U.S. GAAP, the following unaudited pro forma financial information has been prepared by the Company's Management, giving effect to the SETco and CPC acquisitions, described in Note 8, as if they had taken place at the beginning of the 1998 fiscal year-end.

The pro forma information is presented in response to applicable accounting rules relating to business acquisitions. It is not necessarily indicative of the actual results that would have been achieved had the acquisitions occurred as at January 1, 1998 and is not necessarily indicative of future consolidated results of the Company.

The pro forma assumptions that have been reflected are limited to the inclusion of additional amortization of goodwill and capital assets arising from the acquisitions, increases in financial expenses for debt incurred to finance the acquisitions and the income tax effects of such adjustments. Assumptions that have not been included in the pro forma information are the effect of either certain decisions that have been made by the Company's Management since the date of the acquisition as well as the effect of various decisions that the Company's Management might have made at the beginning of the respective periods. In Management's opinion, because of the inability to reflect such assumptions, the pro forma net earnings and basic earnings per share data described below do not necessarily provide a reliable measure of the impact of the business acquisitions:

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

20. DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA (Continued)

December 31,	1999	1998
	(Unaudited)	
Sales	**$ 645,217**	$ 507,200
Net earnings	**$ (2,497)**	$ 15,300
Basic earnings per share	**$ (0.09)**	$ 0.61

h) Consolidated Comprehensive Income

As required under U.S. GAAP, the Company would have reported the following consolidated comprehensive income:

	1999	1998	1997
Net earnings in accordance with U.S. GAAP	**$ 8,098**	$ 28,751	$ 8,885
Foreign currency translation adjustments	**$ 3,458**	$ (17,581)	$ (6,414)
Consolidated comprehensive income	***$ 11,556***	*$ 11,170*	*$ 2,471*

i) New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) has issued SFAS No. 133 which outlines accounting and reporting standards pertaining to derivative instruments and hedging activities. For U.S. GAAP reporting purposes, this statement should be adopted for fiscal years commencing after June 15, 2000. As the Company does not presently use derivative or hedging instruments, there is no foreseen impact for the implementation of this new recommendation.

Board of Directors

Melbourne F. Yull
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President, Miralta Capital II Inc.

Gordon R. Cunningham (1)
President,
Cumberland Asset Management

Ben J. Davenport, Jr.
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Chairman & CEO, Chatham Oil Company

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Stikeman Elliott

L. Robbie Shaw (1)
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Nova Scotia Community College

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Sal Vitale, C.A.
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Vice President Sales,
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Gregory A. Yull
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Investor Information

Stock and Share Listing
Common shares are listed on the New York Stock Exchange and the Toronto Stock Exchange, trading under the symbol ITP.

Shareholder and Investor Relations
Shareholders and investors having inquiries or wishing to obtain copies of the Company's Annual Report or other U.S. Securities Exchange Commission filings should write to:

Mr. Andrew M. Archibald, C.A.
Chief Financial Officer

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E-Mail: itp$info@intertapeipg.com

Annual and Special Meeting of Shareholders

The Annual & Special Meeting of Shareholders will be held on **Wednesday, June 21, 2000** at 4:00 P.M. at Hotel Omni Montreal, 1050 Sherbrooke Street West, Montreal, Quebec, Canada.

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